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March 15, 2012

TO: Each Supervisor

FROM: *John* Jonathan E. Fielding, M.D., M.P.H.  
Director and Health Officer

SUBJECT: **NOTIFICATION OF INTENT TO ENTER INTO THREE SOLE SOURCE AGREEMENTS AND REQUEST DELEGATED AUTHORITY TO APPROVE INCREASES OR DECREASES OF GREATER THAN 10 PERCENT OF THE TOTAL CONTRACT AMOUNT**

This is to notify you that the Department of Public Health (DPH) intends to request delegated authority to execute three sole source agreements with: 1) the City of Pasadena (COP); 2) JWCH Institute, Inc. (JWCH); and 3) Watts Healthcare Corporation (Watts), to provide oral health care services. DPH also intends to request delegated authority to approve increases or decreases in funding up to 25 percent above or below each contract's annual base maximum obligation. In accordance with Board of Supervisor's Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

**Background**

Since Ryan White Program (RWP) Year 19, DPH has been allocating additional resources to oral health care services to accommodate increased patient need, due largely to the elimination of the State's Dental program. RWP is the payer of last resort for Los Angeles County's (LAC) indigent HIV-positive population in need of oral health care services.

According to the Health Resources and Services Administration, poor oral health care greatly diminishes an individual's quality of life and may further the progression of HIV disease. LAC's Commission on HIV (COH) also prioritized increasing oral health care capacity to LAC's HIV-positive population. Currently, LAC's oral health care system has the capacity to serve 3,461 unduplicated clients annually, out of a total patient population of more than 10,000.

In order to expand oral health care services, DPH's Division of HIV and STD Programs (DHSP) developed an immediate, short-term strategy. By increasing funding and expanding services under existing agreements with two current oral health care providers – AIDS Project Los Angeles (APLA) and AltaMed Health Services (AltaMed) – and entering into sole source agreements with three oral health care providers – COP, JWCH, and Watts – that currently provide medical care to indigent LAC clients with HIV, oral health care will become available and accessible to over 2,937 new unduplicated HIV-positive LAC residents in a very short period of time. This increase in services will nearly double the current system's capacity to serve almost 6,398 RWP clients annually.

### **Justification to Enter into Sole Source Agreements**

In order to identify providers that could 1) provide services within geographic areas of high need and 2) begin providing services to the target population immediately, a County-wide search utilizing the Department of Health Services Public Private Partners (PPP) directory was conducted. This search and a subsequent assessment resulted in identifying two current DHSP oral health care providers, APLA and AltaMed, and three current providers of HIV medical care, COP, JWCH, and Watts, that could provide expanded oral health care services to RWP-eligible clients immediately following contract execution.

COP, JWCH, and Watts all have experience delivering oral health care services and meet the criteria to immediately begin providing these services. COP has a long history of providing HIV services in an area of need within SPA 3, and has the capacity to provide oral health care services to 520 new unduplicated clients. JWCH located within SPA 4 serves the Skid Row homeless population, provides medical care services to HIV-positive clients, currently operates a dental clinic with seven operatories, and has the immediate capacity to expand their oral health care services to 533 new unduplicated HIV-positive clients. Watts has a history of providing medical services to HIV-positive clients within SPA 6. Watts has a full-service dental clinic and, with additional resources has the capacity to immediately expand delivery of oral health care services to 400 new unduplicated HIV-positive clients.

These three sole source agreements will allow for immediate implementation of the COH's prioritized increase of oral health care services in addition to providing crucial preventative, restorative, surgical, and prosthetic dental services to approximately 1,453 unduplicated eligible clients who are unable to obtain these services with the current oral health care investment. To further strengthen DPH's efforts to provide increased oral health care services, the agreements with APLA and AltaMed will be amended to increase their annual maximum obligation to increase their current case load for immediate expansion of oral health care services.

### **Justification to Increase or Decrease Greater Than 10 Percent of the Total Contract Amount**

While every effort is made to maximize these funds and thereby maximize the effectiveness of the funded services, it remains important to have the authority to increase or decrease contracts in order to match utilization and need. Due to the uncertainty of the timing of the transition of current RWP clients into the Healthy Way LA (HWLA) program, there may be a need to reallocate RWP grant funds from services such as medical outpatient and mental health that are covered by HWLA into other care supportive services, such as oral health care, to ensure full expenditure of RWP grant funds.

COH has adopted a funding reallocation strategy that allows DHSP the flexibility to shift funds from HWLA-supported services into other service categories to create a robust system of HIV care that meets the needs of the clients. Services such as medical care coordination, oral health care, substance abuse treatment, and residential services assist in mitigating factors that consistently create barriers to care for our most disenfranchised citizens with HIV. As payer responsibility is transferred from RWP to HWLA for medical and mental health services, savings will be used to support wrap-around services to ensure that barriers to access and retention are mitigated, and also ensure full expenditure of grant funds within each grant term. Failure to fully expend the grant funds in any given grant term jeopardizes future RWP funding for LAC.

A 25 percent delegated authority will enable DPH to amend these agreements to allow for the provision of additional units of funded services that are above the service level identified in the current agreement and/or the inclusion of unreimbursed eligible costs, based on the availability of grant funds and grant

funder approval. While LAC is under no obligation to pay a contractor beyond what is identified in the original executed agreement, LAC may determine that the contractor has provided evidence of eligible costs for qualifying contracted services and that it is in LAC's best interest to increase the maximum contract obligation as a result of receipt of additional grant funds or a determination that funds should be reallocated. This recommendation has no impact on net County cost. DPH will closely monitor agencies that are either over- or under-performing.

### **Timeline**

The Board letter to request the sole source agreements and the delegated authority to increase or decrease the total contract amount by 25 percent is projected for the Board meeting on May 2, 2012. To allow time for your review and comments, we will not enter into negotiations until ten business days following the date of this memorandum.

If you have any questions or would like additional information, please let me know.

JEF:nmp

c: Chief Executive Officer  
Acting County Counsel  
Executive Officer, Board of Supervisors